GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2791
ANSWERED ON:30.03.2012
LIMITS ON HOLDING COMPANY EXPANSION .
Shetkar Shri Suresh Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) wants limits on holding company`s expansion;

(b) if so, the details thereof; and

(c) the objectives thereof?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a)to(c): A Working Group (WG) was constituted by Reserve Bank of India (RBI) on introduction of Financial Holding Company (FHCs) structure in India in June 2010. WG has submitted its report in May 2011. The WG has proposed to put in place some limit on the expansion of non-banking business of Banking FHCs after the existing financial groups dominated by the banks migrate to holding company structure (i.e. Banking FHCs). Report of WG is available on RBI`s website www.rbi.orq.in.